



**BRIEFING: JUNE 3, 2014, BOARD MEETING AGENDA ITEM #5**

**TO:** Chairman Richard and Board Members

**FROM:** Jon Tapping, Director of Risk Management and Project Controls

**DATE:** June 3, 2014

**RE:** Consider Amending the Scope of Work Identified in the Request for Qualifications for the Construction Package 2-3 Project Construction Management Services Contract and Related Adjustments

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**Background**

Pursuant to Board Resolution #HSRA 13-34, approved on December 5, 2013, the Authority issued a Request for Qualifications (RFQ) to procure a contract for Project and Construction Management (PCM) services for Construction Package 2-3 (CP 2-3) in accordance with the Board's policy on issuance of RFQs. CP 2-3 extends approximately 65 miles from East American Avenue in Fresno County to one mile north of Kern County. It is the second procurement of the First Construction Segment, which is the first phase of the building of the California High-Speed Rail System (System) and will provide the track and structures to support the System's backbone.

The procurement process for the PCM services contract is currently being managed directly by Authority staff consistent with the State's competitive Architectural & Engineering procurement process. As a result of the management of this procurement, in conjunction with construction coordination with the overall project, staff has recommended amending the RFQ so that the resulting contract will include Independent Checking Engineer (ICE) and Independent Site Engineer (ISE) roles, transferring them from the design-builder contract. The inclusion of ICE and ISE tasks within the PCM contract is in the best interest of the program.

**Discussion**

Authority staff seeks Board approval to issue an RFQ Amendment aimed at including ICE and ISE services. The contract will be awarded to the most qualified Offeror at fair and reasonable contract compensation within the revised estimated range of \$65,000,000 to \$85,000,000. The term of the contract remains one year past substantial completion of the CP 2-3 design-build contract.

## 1. ICE/ISE Services

Staff is recommending amending the RFQ to include ICE/ISE services within the scope of the PCM contract. While this is a change from the original RFQ, the PCM already included the services of: (1) Quality, Verification and Validation, and self-certification oversight; and, (2) Engineering oversight. The aim of this recommendation is to ensure that these services be enhanced to clearly require the PCM to review, assess, and evaluate the design-build contractor's work on behalf of the Authority and to certify that the work meets the design-build contract requirements.

As part of the Authority's overall Quality Management System, potential process improvements are constantly being identified and evaluated to formulate efficiencies and enhancements. The procurement of the ICE/ISE services through the PCM contract is one example of these process improvements. The program's quality management system was developed around a quality model that ensures regulatory compliance of the rail segments and the associated construction impacting nearby streets and highways. Federal regulations governing California streets and highways require specific quality verification testing be performed by the owner's representative and not the design-build contractor. As such, some of the quality oversight functions already included in the PCM contract was in some ways a duplication of the services performed by the ICE/ISE in the design-build contract. By transferring the responsibilities of the ICE/ISE to the PCM, the Authority can eliminate the services from the design-build contracts and more efficiently meet all Federal requirements while saving money and guaranteeing impartiality in the evaluation of work.

The revised PCM RFQ for CP 2-3 removes the ICE/ISE procurement as a subcontract to the design-build contracts. Including the ICE/ISE service within the PCM instead of the design-build contract is desirable to ensure independence of the quality functions from the operational requirements of the design-builder. Additionally, the Authority gains a greater degree of control over the resources necessary to resolve problems and keep the program moving forward.

A more extensive statement of the proposed revisions to the PCM scope of services, including the ICE/ISE services, is included in the draft RFQ Addendum provided to the Board. The actual services the PCM will provide in any given year will depend upon the stage of progress of the CP 2-3 design-build contract, and will be the subject of negotiations with Authority staff. The PCM's services will then be documented in task orders or other time-specific work plans.

By authorizing this modification to the RFQ, staff also seeks approval from the Authority Board to remove the ICE/ISE work and services from the design-build Request for Proposals (RFP) currently underway.

## 2. Increased Funds Requested for the RFQ

The RFQ approved by this Board originally included a contract compensation range of \$45,000,000 to \$65,000,000. Staff seeks to increase the range to \$65,000,000 to \$85,000,000

to accommodate the increased work of the ICE/ISE. While moving the ICE/ISE services under the PCM increases the scope and dollar amount of the resulting contract, these costs will be offset by a comparable reduction in the design-build RFP bids. This shift of funds does not signal any growth in cost or estimated value of the CP 2-3 project as a whole. The cost of this construction package remains consistent with the projections laid out in the 2014 Business Plan.

The new range estimate for the procurement is based on two elements: (1) The ICE cost is based on Caltrans models premised upon the costs of design review as a percentage of construction (1% - 1.5%); and (2) The ISE costs are based on the estimated level of effort required to increase the PCM's construction oversight to the level required to provide ISE services.

### 3. RFQ Dates

Should the Board approve the requested Addendum, the remaining PCM RFQ dates will change as follows:

- SOQs Due to the Authority's office – June 25, 2014.
- Discussions/Interviews with Offerors – July 9, 2014.
- Notice of Selection – July 11, 2014.
- Negotiation with Selected Offeror – Week of July 14, 2014.
- Authority Board Consideration of Award – August 12, 2014.

As staff previously advised the Board, the procurement of PCM services will be qualification-based pursuant to Government Code section 4525, et seq. Statements of Qualifications (SOQs) submitted by PCM teams will be reviewed for responsiveness and to ensure that basic qualifications and requirements are met. The SOQs will then be technically evaluated by Authority staff and public employees pursuant to established criteria. This process will be followed by oral discussions/interviews, final ranking of teams submitting SOQs, negotiation with the top ranked team, and award of contract by this Board.

The resulting contract for PCM services will also include the Board-adopted 30 percent participation goal under the Revised Small and Disadvantaged Business Enterprise Program for Professional Services Contracts.

### Recommendation

It is recommended that the Board adopt a Resolution approving issuance of the Addendum to the Request for Qualifications to procure Project and Construction Management services for Construction Package 2-3 to include Independent Checking Engineer and Independent Site Engineer tasks with a total contract compensation range of \$65,000,000 to \$85,000,000 and a term extending one year past substantial completion of the CP2-3 design-build contract.

### Attachments

– Draft Request for Qualifications Addendum (HSR# 13-81)

- Draft Resolution HSRA #14-15
- Board Resolution HSRA #13-34 (December 5, 2013)